

CHARTER TOWNSHIP OF WHITE LAKE

Approved Minutes of the Special Board of Trustees Meeting September 29, 2015

Supervisor Baroni called the meeting to order at 7:01 p.m.

Supervisor Baroni led the Pledge of Allegiance.

Clerk Lilley called the roll:

Present: Greg Baroni, Supervisor
 Terry Lilley, Clerk
 Mike Roman, Treasurer
 Mike Powell, Trustee
 Scott Ruggles, Trustee
 Andrea Voorheis, Trustee
 Rik Kowall, Trustee

Also Present: Lisa Hamameh, Attorney
 Michael Homier, Attorney
 Jennifer Edens, Recording Secretary

PUBLIC COMMENTS

Thomas Johnson, 9136 Buckingham Stated that this issue has been going on for a long time (13 years) and that it goes back prior to Bonnie Elliott being supervisor. He indicated that the problem is that they were told what the sewer system would cost them and it was never indicated that they were being charged for the first system that was installed. He has read the statute and feels there is a loophole the Board is trying use and it is unethical. He further stated that a lot of people have paid in full already and that newer residence are unaware of the situation. He reminded that they (Pontiac Lake residence) were mandated to hook-up because of the grant and others were not required because there was no grant. He closed by stating that he doesn't believe Mr. Lilley is the whole problem and that the figures do not lie and he has seen many figures and the numbers do not add up.

Mark Degroff, 9776 Bonnie Briar Mr. Degroff reminded that this all happened a long time ago and that everything has already been said. He reminded the Board that they got the 51% vote needed in the beginning. He reminded that the "trailer park" was never in compliance and that Pontiac Lake funds were assumed to stay with Pontiac Lake sewers. He indicated that he believes that Phase I does not have enough funds and that the Board believes the easiest place to get funds is the Pontiac Lake S.A.D. and he questions why no one is required to hook-up to Phase I. He recalled that the last meeting was a joke and a waste of time and that numbers

changed. He stated that there are new residences on the Lake that are unaware of the issue and that this is morally reprehensible.

Norm Newberger, 8760 Arlington He indicated what he has heard is there is a loophole that says there is a right to reopen the project, but questions why now, why 11 years later? He further stated that he believes that if there were overfunds or if the Pontiac Lake system failed, they (the residence) would pay, but it has not failed. He argued that poor execution is not a right to reopen.

Edward Lane, 9378 Waltham Rd He stated that he is a newer resident that purchased approximately six years ago. He has financial obligations in Waterford, Walled Lake, and Pontiac for water and/or sewer and compared the drastic difference from those to the Pontiac Lake obligation. He asked for an explanation of how the ball got dropped. He asked the Board if they want to make the news and referenced getting Charlie LeDuff involved.

Sandy Fitzpatrick, 9673 Bonnie Briar She stated that in 1978 they opened the S.A.D. account and believes that because they have it, the Township is coming at them. She further stated that she believes that everyone in Phase I needs to be charged and reminds that they have already paid.

Sheldon Greenblatt, President of T.L.V.A. Condominium Association He stated that he was invited to attend tonight's meeting by Mr. Lilley and that he is an attorney. He referenced a Court of Appeal case that is similar to this situation. He indicated that T.L.V.A. does not want to be assessed at all and that if no action is taken White Lake Township will lose control and there will be a health hazard. He further indicated that the state will have to get involved unless a resolution is reached.

Peter Piccinato, 8771 Townsend Drive He is concerned about the funds being pulled out of the General Fund to pay the bond. He stated that he would be paying for something he doesn't benefit from. He indicated that he is on a water system and he doesn't expect Pontiac Lake residence to pay for his water system and therefore questions why he should pay for their sewer system.

Thomas Johnson, 9136 Buckingham He stated that the original board, which is the corporation of the Township, erred and that the Township doesn't want to absorb the expense. He stated that they made a mistake and we (Pontiac Lake residence) should not be held responsible for their mistakes.

Deb Newberger, 8760 Arlington Ms. Newberger claimed that everyone benefits from the sewers and that White Lake will make people pay to hook-up if their septic system fails. She questioned why not make everyone hook-up. She stated that she sees septic companies pumping out fields and states that hook-ups need to be enforced.

Dawn Lengers, 734 Biscayne (Lakewood Village) She stated that she is not required to hook-up to the sewer system. She reminded that this is a project that began in 1995 where hook-up expectations were not met. She stated that auditors have had concerns dating back to 1999 and that recommendations were made to increase the fees, but the Board ignored those recommendations and in 2002 the Pontiac Lake District was approved. She stated that Pontiac Lake was fully funded and Phase I and II ran out of funds in 2012. She further stated that she wants the Township to not juggle funds, but rather figure it out. She reminded that the shortfall is from Phase I and II.

Supervisor Gregory Baroni Reminded that all in attendance are neighbors and asked that everyone show respect to their neighbors.

Chuck Parker, 4650 Lakeborn He stated that he has nothing to do with the sewers and doesn't want to. He further stated that he does not want it coming out of his taxes.

Sandy Fitzpatrick, 9673 Bonnie Briar She stated that Pontiac Lake residence paid in excess of \$15,000 and the system works well. She reminded that they pay \$600 a year to use and believes it should be paid for out of the General Fund. She questioned why this is just about the Pontiac Lake residents and reminds all that Mr. Lilley lives in Phase I.

PRESENTATION - Terry Lilley, Clerk (visual and audio)

Mr. Lilley referenced a public hearing held in 1992 where many people did not feel a need for sewers because their septic systems were working fine. He reminded that the issue was at that time to respond to the DEQ's violations of Suburban Knolls subdivision treatment plant and its inability to handle the sewage that was discharging into the wetlands. He further stated that the two mobile home parks had an agreement that if sewers ever became available they would be required to connect.

Mr. Lilley then recalled that in 1992 – 1993, he worked with the Commerce Supervisor, the financial advisor, the bonding attorney and the Oakland County Drain Commissioner considering the impact of the sewers. He stated that the major obstacles were two-fold; first, the connection points, could White Lake Township have its own treatment facility, and second, the size of the system and effects on future development. Approval of the DEQ was not received. Commerce Township became the best option for connection points.

At that time, the two remaining issues left included the size of the system and what effect on further development the sewers would have on the Township.

Mr. Lilley indicated his final recommendations that were proposed to the Township Board included:

- 1) No requirement for mandatory hook-ups due to public opposition;
- 2) New development within a sewer district would need to connect;

- 3) Finance the construction costs based on future users (projected customers); and
- 4) Modify the previous agreement with Commerce Township as to connection points.

Mr. Lilley maintained that at that time and still today, he feels this project is important in addressing environmental issues.

Mr. Lilley stated that in 1996 the Board accepted his recommendations and accepted a plan for the entire Eastern District of White Lake. The Board also agreed to a \$9,350,000 SRF grant for funding and a \$725,000 open market bond, for a total of \$10,075,000. They also agreed to support the project not financed by special assessment with a 20 year pay-off based on future customers.

Mr. Lilley further questioned why there is a \$1.4 million dollar deficiency if Pontiac Lake Special Assessment funds are to date more than sufficient and Phase I appears to be more than sufficient to meet the original projections made by Bendzinski. He further questioned if all of the revenues were received or possibly used to finance another project. Mr. Lilley reminded that the decision to pay any deficiencies can only be the Pontiac Lake S.A.D., all the people in White Lake by way of General Fund or perhaps the remaining sewer customers. He stated that he believes Public Act 188 (1954) should be followed.

Mr. Lilley referenced a slide of the Sanitary Sewer System Master Plan (2006), highlighting the Eastern District of which Pontiac Lake and Phase I are located.

The presentation compared the current situation to that of a tree. The roots represent over 6 years of planning by two supervisors, 4 years of DEQ approval process, intergovernmental agreements with Commerce Township, and multiple meetings that led to SRF funding for financing the project.

The trunk represents Phase I, which includes gravity sewer, force main and rehabilitation of two treatment plants (now pumping stations for Suburban Knolls sub and Cranberry and White Lake mobile home parks). It was noted that the Phase I, supported by the roots, was built large enough to accommodate the required future flow capacity of the entire Eastern District.

The branches represent future projects. The trunk has already been built to accommodate the entire calculated capacity of the Eastern District. The branches will continue to grow with future projects. It notes that as of June 2015, there are currently 2,512 REU's serviced by the Eastern District. A residential home unit is one REU, whereas a commercial building may be multiple.

Mr. Lilley posed the question, "Why are we here tonight talking about the Pontiac Lake Special Assessment District?"

- 1) To discuss Pontiac Lake finances;
- 2) To understand the relation of Pontiac Lake and all other projects;

- 3) Why there is such a difference amount the views of some of our board members as to why we are talking about financial shortfalls?

He continued with a discussion regarding a smaller tree that represents a standalone project, with limited growth and much different than the larger tree. He noted that previously Pontiac Lake was noted to be a standalone project. If Pontiac Lake is not connected to Phase I, then Pontiac Lake is responsible for all costs to run sewers directly to Commerce Township which would be an expensive project with limited capacity for future growth and would not address all the septic violation that effect lake quality in the Township.

Mr. Lilley discussed the debt obligation between Phase I and Pontiac Lake. Mr. Lilley questions why misapplied fees, that should have been placed into Phase I were instead placed into Pontiac Lake Special Assessment. He further questions why ten years later one account shows a surplus of cash, while another a million dollar deficit. Mr. Lilley believes this matter should concern all 2512 users of the system, not just Pontiac Lake residents.

Next Mr. Lilley referenced the Bendzinski & Company Municipal Finance Advisors Table of Projected Customers dated September 9, 1996. The Table shows projected direct and indirect connections for a combined total of 2,402 when in reality there are 2,512 customers and further questions why there is a deficit.

Mr. Lilley next referenced the FINAL schedules provided by Bendzinski & Company with a highlight on:

- 1) *....As you can see, the total project cost amounts to \$10,075,000. Of that amount \$725,000 was funded with bonds sold July 12, 1995 in the open market at an average interest rate of 5.82% The remaining \$9,350,000 was financed through the state revolving fund, which is jointly administered by the Michigan Department of Environmental Quality (MDEQ) and the Michigan Municipal Bond Authority (MMBA) at an interest rate of 2 ¼%.*

Page 2, Paragraph 2:

.... In addition, they would pay a debt service charge, which comes to \$72 per year, and projected O&M charge of \$60 per quarter or \$240 per year. This schedule does not include any additional cost for on-site improvements required.

Page 3, Paragraph 4:

We wish to remind you that the Township must adopt a Township sewer use ordinance which sets forth all of the fees, connection fees and user charges discussed in this letter and a basis for calculating Residential Equivalent Units (REU's).

In summary, the Letter dated November 21, 1996 from Bendzinski & Company shows debt requirements and financing requirements for Phase I and other requirements including the necessity of adapting ordinance requirements setting forth all fees and user charges.

Next discussed was a REVISED letter from Bendzinski & Company dated August 15, 2002. This letter discusses revised schedules, based on the bids received and the eligible costs associated with the 2002 General Obligation Limited Tax Bonds, SRF No. 5157-01.

Highlighted was Section 3, Subsection A – D that read as follows:

- A. ***The existing 431 parcels of land will be assessed at \$6,670.*** *The assessment shall be payable over 20 years with interest at a rate of 3.50% on the unpaid balance. It should be noted that the current assessment is \$4,155 less than the original estimate of \$10,825. In addition, when the customers hookup to the sanitary sewer system, they will be required to pay the Commerce Township fee of \$3,500 per REU, and the Township's current sewer connection fee of \$1,900, which is increased by \$100 each year;*
- B. *An annual debt service charge of \$72, per REU;*
- C. *An annual operation and maintenance charge of \$320 per REU; and*
- D. *We have projected new growth of 24 customers over the 20 year period based on estimates provided to us by the consulting engineering firm of Spaulding DeDecker Associates, Inc.*

The next section of the presentation referenced a letter from Benzinski & Company dated August 22, 2005 addressed to Supervisor Michael Kowall, highlighting the first paragraph that read:

Pursuant to a request of the Township Treasurer, Beverly Spoor, this letter will inform you that the \$1,900.0 connection fee that is payable to White Lake Township was not included in the special assessment. It was always anticipated that in addition to the special assessment for the Pontiac Lake Project, the users of the system would have to pay a \$1,900 connection fee that was not pledged for the special assessment bonds.

Mr. Lilley noted that these letters should have notified the Board of a shortfall.

He followed with referencing sections of Ordinance 108 (Fee Ordinance) with a highlight on Page 2, Letter F:

Direct Capital Connection Fee. *The term "direct capital connection fee" shall mean the fee charged to a person who connects premises directly to the Township Sanitary Sewer System.*

Page 2, Letter I:

Indirect Capital Connection Fee. The term "indirect capital connection fee" shall mean the fee charged to a person who connects to the Township Sanitary Sewer System via extension, which extensions were paid for at such person's expense.

Section 3.05 Required Connection to Public Sanitary Sewer Systems

D. All structures in which sanitary sewage originates located within the boundaries of the Pontiac Lake Sewer District shall be connected to an available public sanitary sewer. This connection shall be completed promptly, but not later than ninety (90) days after the Township sends written notice to the owner of the property on which the structure is located, as shown by the last tax assessment roll of the Township giving notice of the availability of the public sanitary sewer system and the existence of this Ordinance. (Amended 08/20/03 Published 08/27/03 Eff. 09/26/03)

Mr. Lilley further stated that all users of the system paid connection fees up front.

The presentation continued with reference of Section 22 – Ordinance No. 108: Sewer Ordinance with highlights on both Direct Capital Connection Fee for the Eastern District Sanitary Sewer Extension Project Charge \$3,800 per residential equivalent unit and Indirect Capital Connection Fee for the Eastern District Sanitary charge \$1,900 per REU.

Mr. Lilley read into the record a letter dated June 9, 2004 from Gregory Need, Township Attorney highlighting:

Re: Questions Regarding Special Assessments and Sewer Account.

If there is a shortfall in special assessment collections, where do the additional funds come from to pay for the improvements?

Special assessments for sewer improvements, as with most Township special assessments, are created pursuant to Act 188 of 1954, as amended ("Act 188"). Section 12 of Act 188 states that if the assessments in any special assessment roll are insufficient to pay for the improvement, or to pay principal and interest on bonds issued in anticipation of collection of the special assessment, then the Township Board shall make additional assessments against properties in the district to supply the deficiency. There is no authority in Act 188 for the general fund to pay these deficiencies, because to do so would violate the general principle that special assessment districts stand on their own, and only properties benefiting by the improvements should pay for the improvements.

Mr. Lilley referenced the Pontiac Lake Resolution dated September 22, 1998 with a highlight on Recitals A and C:

- A. *Petitions have been field with Township Board of the Charter Township of White Lake, "Township Board", pursuant to Act 188, Michigan Public Acts of 1954, as amended, signed by the record owners of lands whose land constitutes at least fifty (50%) percent of the total area described in the petitions, requesting construction of a sanitary sewer system, "the improvement" to service the Pontiac Lake area;*
- B. *After notice given as required by law, the Township Board has met and heard all persons interested therein with respect to the petitions, the improvement and the special assessment district; and*

Mr. Lilley reiterated that the Resolution is pursuant to Act 188.

Presented next was a F.O.I.A. Work Request dated June 6, 2006 made by Terry Lilley, which requested board minutes for construction approval of Pontiac Lake sewers and more specifically board authorization of \$160,000 General Fund contribution and indirect connection fees and debt service charges from Phase I sewer project to finance the Pontiac Lake Sewer Project.

Mr. Lilley then read into the record the Memo response he received dated June 2, 2006 from Dena Potter, FOIA Coordinator, which indicated that the document Mr. Lilley was seeking did not exist. It further referred him to a response from John Foster of Janz & Knight via the Clerk's office that advised "the General Fund did not have to loan funds to the Pontiac Lake Sewer Fund which is why there isn't any information stating it was taken from the General Fund.

He purposed this to show where he got in 2006 when he tried to ask questions regarding this topic.

Next mentioned was an email from Dena Potter regarding Pontiac Lake Sewers dated June 20, 2006 that provides a response to the June 6 Work Request. It further stated that the 5% of this project was to be funded by White Lake was to be financed initially by the General Fund. The General Fund then would be repaid with interest over a ten year period. The funds for repayment were to be provided from interest earnings on surplus cash in the Pontiac Lake Debt Fund. Because of surplus cash in the Pontiac Lake Sewer Debt Fund the General Fund did not have to loan funds the Pontiac Lake Sewer Debt Fund.

Shown next in the presentation was a F.O.I.A. Work Request dated August 23, 2006 made by Terry Lilley, which requested to identify the accounts or account number of the indirect sewer connections that Pontiac Lake were deposited.

Followed by the response received by Treasurer Beverly Spoor indicating the account number in which indirect sewer connections for Pontiac Lake sewers were deposited.

Lastly Mr. Lilley read into the record Public Improvements (Excerpt) Act 188 of 1954, Sec. 12: *Should the assessments in any special assessment roll prove insufficient for any reason, including the noncollection thereof, to pay for the improvement for which they were made or to pay the principal and interest on the bonds issued in anticipation of the collection thereof, then the township board shall make additional pro rata assessments to supply the deficiency, but the total amount assessed against any parcel of land shall not exceed the value of the benefits received from the improvement.*

Mr. Lilley said "there is an obligation to the tree". He furthered that all others, with the exception of Pontiac Lake have paid their obligation to Phase I. He has no ill feelings toward anyone and indicated that he has an obligation to the White Lake residence. He further stated that he takes his job very seriously and this issue has been discussed for ten years with no result.

He stated that he became aware in 2004 of inconsistencies of the Phase I project. It was later discovered that the debt service charge was never paid to Phase I. He feels that previous meetings were focused on what is the amount owed and what number was reported and when. He believes the real focus should have been what did the Pontiac Lake Special Assessment District pay or did not pay and what was its obligation to Phase 1 and then, how much.

He stated the issue became more complicated with Treasurer Mike Roman reported that Pontiac Lake Special Assessment was meeting its debt obligation and had a projected excess after the bonds were paid that could be rebated back to those in the Pontiac Lake Assessment District.

He reiterated that no other project has been subsidized by the General Fund. He believes it is time to determine an exact deficiency, follow Public Act 188, and make a repayment plan to move forward.

He closed by stating that Pontiac Lake owes Phase I and that Pontiac Lake did not pay all its costs. He is offended by residents coming to conclusions prior to hearing the presentation. He will not accept giving a break to some residence when he has an obligation to all residence.

PRESENTATION – Mike Powell, Trustee

Mr. Powell began by thanking those in attendance. He noted that he lives where there are no sewers, but indicates he is a major proponent of sanitary sewers. He has a background in engineering with Highland Township. He reminded all that the development (i.e. Meijer, JC Penny, etc...) would have skipped right over White Lake Township and gone from Waterford to Hartland without the sewers.

He stated that with his background he has been involved with and responsible for the establishment of sanitary sewer systems and special assessment districts in a number of communities. He believes that Mr. Lilley did a good job presenting and that he has a good understanding of the history of the Township, the advantages of sewers and where the Township stands financially with all the S.A.D.'s and the Phase I sanitary sewers.

He furthered by stating that when establishing a S.A.D., Act 188 provides that you do not have to come up with 100% votes to bring a sanitary sewer system to a particular area, only 51% of people need to agree. 51% of the votes provides for the S.A.D. at the expense of the 49% that didn't vote or did not vote for it. During the S.A.D. process public hearings must be held, estimates must be provided including all costs deemed an expense. Once the petition process is complete, the Board determines whether or not to approve an S.A.D. for all residence residents within that area. No one can predict overages and therefore contingency fees are added.

He indicated that you cannot determine how the Board planned to cover all the costs, but indicated that there are times where a Board might agree to cover some of those costs. He reminded that he wasn't part of the Board to say if that is what was planned. He stated that there are overages that he does not believe were covered by the S.A.D. He also does not believe that the S.A.D. project for Pontiac Lake covered the cost of the tap fees for the Phase I sewer system. He therefore believes that there had to be anticipation by the Board at that time that there would be a shortage for Phase I. He believes it would be improper to reassess Pontiac Lake residence at this late date. He further indicated that while all residence residents benefit from the shopping centers in White Lake, it is not proper to assess those residents that do not have nor will have sanitary sewers. He believes there are ways to use future users to pay the obligations so that the bond obligations are paid for. It would be improper to reassess the people of Pontiac Lake even though they did not pay their tap fees for Phase I or their share of the overages in the past.

PRESENTATION - Mike Roman, Treasurer

Mr. Roman thanked the previous presenters. He referenced a public hearing that took place 17 years ago to consider creating a S.A.D., to install sewers in the Pontiac Lake area. He indicated he believes that many challenges faced the administration and boards to structure such a project that required much research. He disagrees with and believes it unethical for the Board now to retroactively change the policy decisions that the Board made then. He does not believe any laws were broken over the years.

He indicated that there is roughly a \$1 million dollar shortage that is not covered by special assessments. He reminded that Public Act 188 does not require that the entire project be paid for using special assessments and that it allows other revenue sources to be used. He declared that any decision made by this Board in regards to handling the issue would be a policy decision

and not a legal decision. He stated that those that believe the Pontiac Lake sewer district has to be reassessed under the laws have been misinformed.

He further indicated that he feels that this Board should honor the policy decision that were made in 2002 when the Board approved a tax roll that was approximately \$1 million less than the estimated cost of the Pontiac Lake Sewer Project. He believes the Board planned to use other legal revenue sources to make up the shortfall. Specifically he believes they planned to use the quarterly debt service payments and sewer connection fees paid by Pontiac Lake residents. He references the 2014 audit of the Pontiac Lake Sewer System that clearly states that both of these sources could have been anticipated to make up the shortage in special assessments.

He furthered that as evidence to show the original intent of the Board then was to use other revenue sources as:

1. The Pontiac Lake bond repayment schedules from 2002 prepared by the Municipal Financial Advisors, Bendzinski and Co., included all of the periodic debt service charges to be paid by Pontiac Lake sewer users. In addition these same schedules show some or all of sewer connection fees paid by Pontiac Lake sewer users.
2. Board minutes from April 10, 2006 included the following statement from Township Attorney, Greg Need. In those minutes, Mr. Need stated "that it was assumed that all Pontiac Lake connection fees would stay within the Pontiac Lake District."
3. In the April 10, 2006 Board minutes there is a statement from Greg Glaza from Spaulding DeDecker that reads, "Mr. Glaza stated the Pontiac Lake District is paying a connection fee with half of this fee going to Phase 1 and the other half going into the Pontiac Lake District.

Additionally he noted that the reason this issue is here today is because Phase I funds has a shortage and some feel that it is because Pontiac Lake District has not contributed enough to Phase I.

He indicated that when this Board took office in 2012, Phase I had a balance \$55,000 and the balance owed on the Phase I bonds was approx. \$3.1 million. He reminded that this Board passed a resolution to transfer money to help pay off Phase I sewer bonds to protect its credit rating and future state shared revenues. That resolution requires that the money be paid back by the sewer fund.

Mr. Roman stated that we need to stop pointing fingers and instead proactively connect more homes and businesses to the sewer system.

He further stated he believes that some of the connection fees were intended to be used to pay for the Phase I portion of the sewer system and should be transferred to Phase I.

A motion was made by Treasurer Mike Roman to (i) authorize the immediate transfer of \$170,000 from the Pontiac Lake sewer fund into the Phase I sewer fund; and (ii) to authorize future transfers not to exceed 50% of all Pontiac lake connection fees, as funds become available in the Pontiac lake Sewer fund in excess of the funds required to pay off the Pontiac lake bonds in full.

Supported by Rik Kowall, Trustee

Discussion

Mike Powell, Trustee Indicated that his vote tonight would be with the intent that the Board never be able to bring up reassessment to Pontiac Lake or any other S.A.D. for this issue.

Unknown resident Indicated that it appears we are just “kicking the bucket” down the street.

Mike Roman, Treasurer Reminded that when this Board took office there was \$55,000 in the Phase I sewer fund and the debt balance was \$3.1 million. He believes the time to plan for a shortage of that nature is 10 years before you run out of money, not when it is gone. He noted that this Board has recognized the shortfalls and is considering alternatives to reduce the shortage.

Scott Ruggles, Trustee Stated that what we are doing is taking one of the potential solutions off the table.

Rik Kowall, Trustee Asked Treasurer Roman what the current balance on the bonds are.

Mike Roman Treasurer Answered \$1.6 million. He furthered that those bonds will be paid in full in 2.5 years.

Rik Kowall, Trustee Stated that the Township has new users coming in and this Board is being very careful to make sure those monies are going where they should and that new hook ups and new development as projected originally are coming into fruition. He further stated there should be enough money to cover itself, but there is no guarantee.

Terry Lilley, Clerk Reminded those in attendance to think carefully before they agree to what they think is a great deal because he believes we will be back here talking about Phase I and a new deficiency that will have to be addressed. He warns that Phase I people will be on the hook.

Irene Jacobs, 2020 Kingston Ms. Jacobs stated that she purchased her home in 2008 and the Township said it was paid in full. She claims that now she is being told she didn't pay her

fair share and questions how that can be. She further questioned how many meetings will it take to resolve this issue and urges the Board to make a decision.

Jeff Hartman, 8789 Arlington (Directed to Mr. Roman and Mr. Powell) He stated that there is talk about several ways to diminish Phase I shortage and asks for follow-up on that.

Mike Powell, Trustee Suggested that the Board consider a voluntary S.A.D. that anyone that wants to tie in to the sewers spread those cost over ten years to make it economically viable to allow more people to tap in by:

- 1) Allow and make other developers to come in because the more business that tap in the sooner we pay off the bond.
- 2) Another way is a loan from the General Fund and pay that pack after the bonds are paid off and then continue to use those funds to pay the General Fund back.

Mike Roman, Treasurer Stated that currently all sewers users pay a quarterly debt service fees which will likely be kept in place to pay back the General Fund.

Scott Ruggles, Trustee He indicated that he believes Mr. Lilley deserves credit for what he has done tonight. He thanked him for time and efforts on this issue.

He furthered that he agrees with Mr. Powell and Mr. Roman. He state that he believes that a sweetheart deal was given by a previous Board and that he is uncomfortable changing policies. He indicated that he believes it would be unethical and has an issue with the time and the changing numbers. He believes the Board should honor the agreement and that he votes to support Mr. Roman.

Thomas Johnson, 9136 Buckingham He stated that he likes Mr. Roman's idea. He believes the biggest complaint is that it was not discussed in a timely manner when the shortfall was discovered. He opines that we should give this a try and wants the Board to look at it closely. He further questioned the Board as to whether they would never be assessed again.

Rik Kowall, Trustee Responded "if everything goes according to Hoyle."

George Seling, 9110 Pontiac Lake Road Questioned if property taxes assessed goes into the General Fund.

Mike Roman, Treasurer Replied in the affirmative.

George Seling, 9110 Pontiac Lake Road Further questioned whether or not the Board has an influence on the assessments of Pontiac Lake or asked if there is a formula and if so, what it is. He stated his concern is that property taxes won't be affected by this.

Michael Homier, Attorney Restated the question, "whether or not there is a cap on raising your taxes every year based on property taxes?" Then replied that the cap is the 5% or the rate of inflation whichever is less on the taxable value annually on tax day which is 12/31 of the prior

year (i.e. 12/31/15 determines the taxable value for the year 2016). Annually for the past two years the rate of inflation has been approximately 1.6%.

Mark (indiscernible), 9121 (indiscernible) Stated that he appreciates the Board and Mr. Lilley's presentation. He stated the bottom line is that people are uncomfortable wants this issue "boiled down". He questioned that if you take the whole sewer project, divide it by everyone in the Township...how much are we talking? Is it \$100 dollars?

Mike Roman, Treasurer Responded that the Board would have to do the math, but would guess it would take \$2.3 million to pay off the General Fund.

Mark (indiscernible), 9121 (indiscernible) Stated the number being discussed is \$230 per household to correct the underpayment and that the people need to understand what it truly is.

Mike Powell, Trustee Asked that everyone keep in mind that if this Board does their homework that will not be assessed to the majority of the people. It will only be assessed to the sanitary sewers.

Scott Ruggles, Trustee Disagrees that we will assess White Lake residents \$230. He believes other revenues will come in to help pay off the sewer project and that it will take time.

Unknown Resident Disclaimed to have the motion voted on.

Gregory Baroni, Supervisor Questioned clarification of what Mr. Roman's motion was.

Mike Roman, Treasurer Restated his motion to take \$170,000 from the Pontiac Lake Sewer Fund to put into the Phase I sewer fund.

**Confirmation made that the Jennifer Edens, Recording Secretary properly noted the motion.

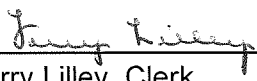
Gregory Baroni, Supervisor Stated that we have a motion and we have support. He further asked if there were any further discussions and advised Mr. Lilley to take a roll call on the Motion. Again the motion was re-stated.

It was MOVED by Treasurer Roman, SUPPORTED by Trustee Kowall to (i) authorize the immediate transfer of \$170,000 from the Pontiac Lake sewer fund into the Phase I sewer fund; and (ii) to authorize future transfers not to exceed 50% of all Pontiac lake connection fees, as funds become available in the Pontiac lake Sewer fund in excess of the funds required to pay off the Pontiac lake bonds in full. The MOTION passed by a roll call vote (Voorheis-yes/ Ruggles-yes/ Kowall-yes/ Powell-yes/ Roman-yes/Lilley-no/ Baroni-yes) (6 yes, 1 no)

It was MOVED by Trustee Kowall, SUPPORTED by Trustee Voorheis to adjourn the meeting. The MOTION PASSED by a voice vote (7 yes votes).

Adjournment of the meeting at 9:13 p.m.

I, Terry Lilley, the duly elected and qualified Clerk of the Charter Township of White Lake, County of Oakland, State of Michigan, hereby certify that the foregoing is a true copy of the September 29, 2015 special board meeting minutes.



Terry Lilley, Clerk
White Lake Township
Oakland County, Michigan